GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:589
ANSWERED ON:16.05.2007
FINANCIAL PERFORMANCE OF MTNL/ BSNL
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the total income and profit earned by MTNL and BSNL separately during each of the last three years;

(b) whether the profit of both the organisations have declined during these years;

(c) if so, the details alongwith the reasons therefor, and

(d) the steps taken to improve their operations and augment their profit in the coming years?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 589 FOR 16TH MAY, 2007 REGARDING FINANCIAL PERFORMANCE OF MTNL/BSNL

(a) The total income and profit earned by MTNL and BSNL separately during each of the last three years:-

(Rupees in crores)

Financial Year	MTNL		BSNL	
	Total Income	Profit	Total Income	Profit
2003-04	6,683.93	1150.48	33,918.59	5,976.52
2004-05	6,084.10	938.98	36,090.09	10,183.29
2005-06	6,091.00	580.29	40,176.58	8,939.69

(b)& (c) The profit of MTNL for the year 2003-04 increased by 31.16% over previous year. However, profit of the year 2004-05 and 2005-06 decreased by 18.38% and 38.20% respectively. MTNL`s Profit for the year 2004-05 and 2005-06 decreased mainly on account of downward revision of Access Deficit Charges and reduction of tariffs in the competitive market.

The profit of BSNL has actually not declined during the last three years. The Profit of Financial Year 2004-05 includes Rs. 1301.96 crores which represents the writing back of excess income-tax provision of the Financial Year 2003-04 which was made due to the uncertainty regarding the applicability of section 80IA to BSNL that was later on clarified by the Government of India. If the said amount i.e. Rs. 1301.96 crores is excluded from the net profit of 2004-05, the profit for 2004-05 would be Rs. 8881.33 crores.

(d) The steps taken by MTNL and BSNL to improve their operations and augment their profit in the coming years are given below:

Large-scale expansion of GSM Network by MTNL and BSNL. MTNL has planned to expand its GSM network by one million lines each in Delhi and Mumbai in 2007-08. BSNL is in the process of augmenting its GSM network by 63.5 millions including reserve quantity.

Large-scale expansion of the Broadband network and introduction of services like IPTV. It will also help stop the churn of landline customers.

Aggressive strategy for customer acquisition to ensure that the income increases substantially leading to higher profits in future.

Introduction of convergent billing shall lead to one bill for all services to a subscriber.

The system will address customer request of services, tariff, complaint resolution etc.

Improving legacy PSTN network by change of cables, drop wires etc.

Improved customer care by opening new customer care centers/Sanchar-Haat, appointment of dealers, agents and special care of Corporate Customers.

Reviewing of tariff for various products and services so as to make them customer friendly and to suit various segments of the society.

Rationalization of expenditure to reduce administrative and operative cost.